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RICE

Summary of 1990 Support Program
and Related Information

United States
Department of
Agriculture
Agricultural
Stabilization and
Conservation
Service

May 1991

**LEGISLATIVE
AUTHORITY**

The Agricultural Act of 1949; the Food Security Act of 1985, as amended; the Commodity Credit Corporation Charter Act, as amended; the Omnibus Budget Reconciliation Act of 1989; and the Balanced Budget and Emergency Deficit Control Act of 1985 provide authority for the 1990-crop rice program.

**ACREAGE
LIMITATION**

A 20 percent acreage limitation program has been announced for the 1990 crop. To be eligible for income and price support payments, farmers must limit 1990 rice plantings to no more than 80 percent of the farm's rice base. Acreage equal to 25 percent of the planted acreage must be devoted to approved conservation uses (referred to as Acreage Conservation Reserve (ACR) acres.) The program enrollment period is January 16 through April 13, 1990.

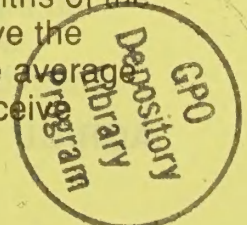
Producers who sought authorization to plant soybeans on their 1990 rice permitted acreage will be allowed to plant their requested acreage. No program benefits other than the soybean price support loans and purchases are available for the production from the acreage planted under this option.

ACREAGE BASES

The 1990 acreage base for a farm is the average of the acres planted and considered planted (P and CP) during the previous five years (1985-1989). Years with zero P and CP acreage may be excluded from the calculation, but in such cases the acreage base cannot exceed the 1988-89 average including zero years. For the purposes of establishing the 1990 acreage base, P and CP credit is given for the full base for any year during 1985-1989 in which the farm participated in the acreage reduction program, as well as for years when zero planted acreage was certified to the county ASCS office. On farms that have been following a definite crop rotation program, the acreage base reflects rotations. Producers will not be permitted to adjust any crop acreage base by up to 10 percent of the base with a corresponding downward adjustment in other crop acreage bases on the farm.

**TARGET PRICE AND
DEFICIENCY
PAYMENTS**

The 1990 established "target" price is \$10.71 per cwt. If the market price received by farmers during the first five months of the marketing year (August through December) is at or above the target price, no deficiency payments will be made. If the average price is below the target price, eligible producers will receive



payments at a rate equal to the difference between the target price and the higher of the loan level or the average market price.

50/92 PROVISION

Deficiency payments are available on the acreage planted to rice within the permitted acreage. However, growers who plant less than their permitted acreage may receive deficiency payments on a portion of their underplanted acreage. If growers plant between 50 and 92 percent of their permitted acreage to rice and devote the remaining acres of their permitted acreage to a conserving use (CU), they will be eligible to receive deficiency payments on 92 percent of the permitted acreage. A minimum payment rate is not guaranteed under the rice 50/92 provision.

APPROVED NON-PROGRAM CROPS (ANPC) PROVISION

Producers using the 50/92 provision may also plant certain approved nonprogram crops on land designated as CU if they agree to forgo deficiency payments that would otherwise be paid on such acreage. The ANPCs are: sunflower, flax, rapeseed, canola, safflower, castor beans, mustard seed, crambe, triticale, quinoa, Jerusalem artichoke, kenaf, milkweed, amaranth and psyllium. The ANPC may not be grown on land designated as ACR.

ACREAGE CONSERVATION RESERVE

Land designated as ACR must have been devoted to small grain or row crops or other annually planted crops in at least two of the three preceding years, except for summer fallow rotations and other specified exceptions. Under summer fallow rules, the requirement is one of the two preceding years. ACR must be protected from weeds and wind and water erosion. Acreage designated as ACR is considered planted in the year designated.

OTHER NONPROGRAM CROPS (ONPC) PROVISION

Producers may plant up to 20 percent of their 1990 program permitted acreage to other nonprogram crops (ONPC). Other nonprogram crops are all crops other than wheat, feed grains, upland cotton, rice, ELS cotton, peanuts for nuts, soybeans, orchards, vineyards, nursery stock, and the ANPC listed above.

Producers will not earn deficiency payments on the acreage that is devoted to these alternative crops.

In order to have other nonprogram crop acreage considered planted to a program crop, the producer must:

participate in the annual production adjustment program established for the program crop; and

plant the program crop for harvest on at least 50 percent of the permitted acreage for that crop.

ACR/CU USES

Grazing of ACR and CU acreage of the 50/92 provision will be permitted except during 5 consecutive months of the 7-month

period between April 1 and October 31 as designated by the State Agricultural Stabilization and Conservation Committee.

Haying during the same period will not be allowed unless it is determined, based upon information submitted by a State ASC Committee, that haying will not result in an adverse economic effect in the State. Haying and grazing of Conservation Reserve Program acreage is prohibited.

DEFICIENCY PAYMENTS

Advance deficiency payments based on 40 percent of the projected deficiency payment rate of \$4.06 per cwt. (\$1.624) are available to producers enrolled in the 1990 program. This advance will be reduced by \$0.0515/cwt. as required by the Omnibus Budget Reconciliation Act of 1989. Additionally, all payments to producers will be further reduced by 1.4 percent, as required by the Budget and Emergency Deficit Control Act of 1985. The advance will be paid in cash at signup and will be limited to the producer's intended program acreage.

Final deficiency payments will be made starting in February 1991. Any advances received will be deducted from the total payment due. Producers who accept advance payments, but who later do not comply with program provisions, must immediately refund the advance with interest.

MARKETING LOANS

The 1990 loan and purchase rate is \$6.50 per cwt. Loan rates for individual lots of rice are based on the class, milling yield, and quality of the rice. The whole kernel loan rates per pound are 10.84 cents for long grain and 9.84 cents for medium and short grain. The broken kernel rate is 5.42 cents. National average farm stored loan rates will be \$6.68 per cwt. for long grain rice, \$6.21 per cwt. for medium grain rice, and \$6.12 per cwt. for short grain rice. Individual farm stored loan rates will be established by State for each class of rice. Loans are available from harvest time through May 31, 1991. Loans mature on demand but not later than the last day of the ninth calendar month following the month in which the loan application was made.

Loans may be repaid at a level which is the lower of 1) the loan level or 2) the higher of the world price or 70 percent of the loan level of the rice.

Producers who pledge 1990 crop rice as collateral for a price support loan will not be permitted to purchase marketing certificates when repaying loans at a reduced rate.

LOAN GAIN PAYMENTS

Eligible rice producers who forgo receiving price support loans may receive a cash payment equal to the gain which might be realized by repaying a price support loan. The gain is the difference between the loan rate and the prevailing world market price.

Under this option, producers may elect to apply for a loan deficiency payment during the loan availability period on a quantity of rice not to exceed their program payment acreage times their program payment yield. Additional production from a farm may be pledged as collateral for a farm or warehouse-stored price support loan.

Producers have the option of pledging all eligible rice production as loan collateral and receiving their full marketing loan gain, if any, by repaying their loan at the prevailing world market price.

WORLD PRICE

The Secretary of Agriculture announces the world price of rice based on a published formula. The world price is based on prices at which foreign-origin rice is being sold in world markets. Such prices are adjusted to U.S. quality and location and are calculated to a loan rate basis, that is, separately for long, medium, and short whole milled kernels and for broken milled kernels. Producers multiply the announced prices by the milling outturns of their rice to determine its world price.

MARKETING CERTIFICATES

Generic commodity certificates will be made available to producers and eligible cooperatives selling rice or repaying price support loans if such transactions occur when the prevailing world price for the rice is below the current loan repayment rate. The certificates' value will equal the difference between the loan repayment rate for the eligible rice and the world market price multiplied by the quantity of eligible rice sold or redeemed. Application for certificates must generally be made within 30 days from the date the loan was repaid or, for rice not pledged as loan collateral, from the day the rice was sold.

CROSS COMPLIANCE

Limited cross compliance is in effect for the 1990 rice crop. To be eligible for price support loans, purchases or payments for rice, the acreage planted for harvest to wheat, corn, sorghum, barley, and upland cotton on the farm may not exceed the crop acreage bases for those crops. Limited cross compliance is not in effect for oats and extra long staple cotton.

FARM PAYMENT YIELD

The 1990 farm program payment yield is the average of the program payment yields for the 1981-1985 crops, excluding the years with the highest and lowest yields. However, any producer whose 1990 program yield is reduced below 90 percent of the 1985 program yield will receive deficiency payments sufficient to guarantee a return equal to 90 percent of the 1985 program yield.

PAYMENT LIMITATION

The total deficiency and diversion payments under the rice, wheat, feed grain, upland cotton, and extra long staple cotton programs are limited to \$50,000 per person. In addition, the total of the following payments, combined with the total deficiency and diversion payments, is limited to \$250,000 per person: (1) disaster payments; (2) any gain realized by repaying a loan at a lower level than the original loan level, including loans for honey or any other

commodity; (3) any deficiency payment for wheat or feed grains attributable to a reduction in the statutory loan level; (4) any loan deficiency payment; (5) any inventory reduction payment and; (6) any payment representing compensation for resource adjustment (other than diversion payments) or public access for recreation. Excluded from the limitation are price support loans, upland cotton first handler certificate payments, and rice marketing certificate payments.

Producers whose deficiency payments are estimated to be reduced by the payment limitation are eligible to have their required ACR acres decreased in proportion to the reduction in payments. The reduced ACR acres can then be planted to an alternative crop.

DIVISION OF PAYMENTS

Payments must be divided as the crops or proceeds are divided (or would have been divided if the crops had been produced).

SODBUSTER/ SWAMPBUSTER PROVISIONS

Unless exempted, any person who, after December 23, 1985, brings into production a field which is predominantly highly erodible land, or who converts wetland to the production of any agricultural commodity, will be ineligible on his or her entire farm or farms for any farm program benefit or payment.

BINDING CONTRACTS

Contracts signed by program participants are binding and provide for liquidated damages for failure to comply with program requirements.

DISASTER PAYMENTS

Disaster payments are made only to producers for whom Federal crop insurance is not available. However, at the Secretary's discretion, disaster payments could be made if losses create an economic emergency too serious to be relieved by crop insurance or other Federal aid.

The total quantity of any crop on which payments will be made to a producer will be reduced by the quantity on which a low yield disaster payment is made.

This Program or Activity Will be Conducted on a Nondiscriminatory Basis Without Regard to Race, Color, Religion, National Origin, Age, Sex, Marital Status, Disability, Personal Sponsorship or Political Affiliation.

Rice: Production, Supply, Use, Price, and Income Measures, 1979-1991

Unit	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990	1991
PROGRAM PROVISIONS													
ARP/CLD	Percent	--	--	15	15/5/30	25	20/15	35	35	25	25	20	5
Allotment/Base	1000 Acres	1800	1800	3969	3946	4160	4234	4249	4183	4155	4168	4154	4165
Participation Rate	Percent	--	--	78	99	85	90	94	96	94	94	95	92
Comply Base/Pay Acres	1000 Acres	--	--	3093/2379	3857/1893	3517/2402	3814/2214	3978/2501	3998/2520	3910/2858	3906/2816	3952/3061	3808/2941
ACR & CU	"	--	--	422	547	785	682	1479	1566	1088	1184	1034	--
Diverted/PIK	"	--	--	--	192/1000	--	559	--	--	--	--	--	--
ACREAGE/YIELD													
Planted Acres	"	2890	3380	3295	2190	2830	2512	2381	2356	2933	2731	2887	2812
Harvested Acres	"	2869	3312	3262	2169	2802	2492	2360	2333	2900	2687	2813	2813
Harvested Yield	Pounds/Ac.	4599	4413	4710	4598	4954	5414	5651	5555	5514	5749	5507	5507
Program Yield	"	4591	4586	4825	4889	5000	5036	4713	4680	4859	4864	4850	4818
SUPPLY/USE													
Beginning Stocks	Mil. Cwt.	31.6	25.7	49.0	71.5	46.9	64.7	77.3	51.4	31.4	26.7	26.3	24.2
Production	"	131.9	146.2	182.7	99.7	138.8	134.9	133.4	129.6	159.9	154.5	154.9	154.0
Imports	"	.1	.2	.7	.9	1.6	2.2	2.6	3.0	3.7	4.2	4.8	5.5
Total Supply	"	163.6	172.1	203.3	172.1	187.3	201.8	213.3	184.0	195.0	185.4	186.0	183.7
UTILIZATION													
Food	"	33.2	38.4	37.3	33.2	35.8	45.6	51.3	55.3	57.7	60.9	65.0	
Seed	"	4.8	5.1	3.2	3.3	2.8	2.6	2.6	3.2	3.0	3.2	3.2	
Brewers	"	11.2	11.0	13.5	12.8	13.9	14.1	14.8	15.4	15.6	15.3	15.6	
Total Domestic	"	49.2	54.5	54.0	49.3	52.5	62.3	68.7	73.9	76.3	79.4	83.8	88.0
PL-480	"	14.7	9.5	16.7	13.5	13.1	13.8	19.7	16.8	17.5	12.1	15.0	
Commercial	"	67.9	81.9	52.2	56.8	49.0	44.9	64.5	55.4	68.4	64.7	58.0	
Total Exports	"	82.6	91.4	68.9	70.3	62.1	58.7	84.2	72.2	85.9	76.8	73.0	70.0
Residual	"	6.1	9.7	8.9	5.6	8.0	3.5	9.0	6.5	6.0	3.0	5.0	5.0
Total Disappearance	"	137.9	155.6	131.8	125.2	122.6	124.5	161.9	152.6	168.2	159.2	161.8	163.0
ENDING STOCKS													
CCC Inventory	"	25.7	16.5	71.5	46.9	64.7	77.3	51.4	31.4	26.7	26.3	24.2	20.7
Free	"	1.7	--	22.3	25.0	44.3	43.6	9.1	0.0	0.0	0.0	0.0	0.0
Free Stock/Use	Percent	24.0	16.5	49.2	21.9	20.4	33.7	42.3	31.4	26.7	26.3	24.2	20.7
		17.4	10.6	37.3	17.5	16.6	27.0	26.4	20.8	15.9	14.7	15.0	12.7
PRICES													
Target Price	\$/Cwt.	9.05	9.49	10.68	11.40	11.90	11.90	11.90	11.66	11.15	10.80	10.71	10.71
Loan Rate	"	6.79	7.12	8.01	8.14	8.00	8.00	7.20	6.84	6.63	6.50	6.50	6.50
Season/Farm Price	"	10.50	12.80	9.05	8.57	8.04	6.53	3.75	7.27	6.83	7.35	6.50-7.00	6.25-8.25
5-Month Price	"	9.87	11.30	10.40	8.63	8.14	7.73	3.87	5.71	6.84	7.24	6.25	--
Deficiency/CLD Rate	"	--	--	.28	2.77/2.70	3.76	3.90/3.50	4.70	4.82	4.31	3.56	4.21	--
World Price	"	--	--	--	--	--	3.16	3.82	5.77	6.18	--	--	--
INCOME FACTORS													
Production Mkt. Value	Mil. \$	1384	1873	1654	876	1119	881	500	942	1092	1136	1007	--
Deficiency Payments	"	--	--	22	233	380	375	495	545	557	457	560	--
Mkt. Loan/Certif.	"	--	--	--	--	--	287	388	200	63	155	200	--
Diversion/PIK	"	--	--	--	23/362	--	93	--	--	--	--	--	--
Disaster Payments	"	1	2	--	--	--	--	--	--	--	--	--	--
Total Income	"	1385	1875	1676	1494	1499	1636	1383	1687	1712	1748	1767	--
MILLING RATE	Percent	72.2	73.0	72.1	71.1	69.6	70.8	71.2	69.9	71.5	73.0	70.0	--

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